

Position of the Republic of Latvia on ESIF European Territorial Cooperation post 2020¹

Introduction

Latvia has been participating in cooperation programmes and projects since 2004 – starting from European Community Initiative Interreg III 2000-2006, then within Objective 3 “European Territorial Cooperation” of Cohesion Policy for 2007-2013. Actually Latvian partners participate in **10 cooperation programmes** – 8 programmes implemented under European Union Structural Funds Goal “European Territorial Cooperation” for 2014 -2020 (herewith – ETC) and 2 programmes implemented under European Neighbourhood Instrument (herewith – ENI) for 2014-2020. Latvian partners in cooperation with neighbouring partners are addressing such common issues as employment and labour mobility, educational and social inclusion, entrepreneurship and transfer of innovations, efficient management of environmental resources and protection of natural/cultural heritage, promoting low-carbon economy, interconnecting transport networks, improving security of border regions, increasing institutional capacity and public administration efficiency, etc.

By mid-2017 Latvian partners are co-operating with more than 1900 international partners from 28 EU Member States, Norway and Switzerland in **183 projects financed by ETC programmes (total ERDF allocation for these projects is around 232 million EUR)**.² These cooperation projects significantly contribute to the implementation of Cohesion Policy in Latvia and neighbouring regions by enhancing transfer of innovations and good practices, promoting specific cross-border solutions for common challenges, improving joint services, developing joint products and providing relevant investments in regional infrastructure.

For example, **in cross-border cooperation** Latvian and Lithuanian fire and police services border municipalities installing observation equipment to prevent organized crime and improve the safety of citizens, while another project aims at modernization of road infrastructure in Latvian-Lithuanian border regions. Whereas Interreg Estonian-Latvian programme actively supports business initiatives for creation of joint products and marketing activities in medical, IT, food industry as well as supports modernization of historic center in twin cities Valga and Valka and development of quality services in 12 small port networks on Eastern coast of Baltic Sea. In partnership with partner countries along the EU's external borders direct investments are foreseen for development of infrastructure at border crossing points and reconstruction of cultural heritage objects.

In addition, **transnational cooperation projects** in Baltic Sea Region promotes institutional capacity and performance of Latvian partners in such areas as research and innovations, efficient management of natural resources and sustainable transport. Besides, Latvian project partners prove the capacity to use macroregional strategic framework in project generation process and actually are involved in implementation of more than 20 flagship projects of European Union Strategy for the Baltic Sea Region.

On the other hand, the **interregional cooperation programmes** provide wide opportunities for transferring and disseminating of good practices, contributing to development and implementation of national, regional and local policies. For example, in INTERREG EUROPE project Latvian Ministry of Economics develops recommendations for improving cluster policy for small and medium size enterprises in implementation of smart specialization strategy. Besides, within URBACT III network Sigulda district municipality receives support from other EU cities and international experts in implementation of its strategy of cultural heritage management for attracting investments for revitalization of Sigulda Castle complex in a centre for creative entrepreneurship.

¹ Approved by the Cabinet of Ministers of the Republic of Latvia on 5th September 2017

² By mid-June 2017 no decisions have been taken on selection of projects within ENI cross-border cooperation programmes

For the second programming period Latvia fulfils the functions of the Managing Authority/Joint Secretariat for Latvia-Lithuania cross-border cooperation programme and Latvia-Russia cross-border cooperation programme within ENI providing **efficient governance tools for programme administration and simplification measures for project partners**. Latvian National Authority actively participates in discussion on future of Cohesion Policy, in particular ETC programmes and new solutions for cross-border obstacles.

Position

1. European Territorial Cooperation in the context of Cohesion Policy post 2020

Latvia emphasizes that **ETC is one of the key instruments of Cohesion Policy** that promotes EU harmonious development and supports cooperation **on different levels, by various scales of intensity and around various thematic objectives** which are jointly addressed (on local, transnational or interregional level) and can be solved **together in more economically favourable and durable manner in long longer-term perspective** than individually by one country or region.

Latvia believes that **ETC programmes significantly contribute to the implementation of Cohesion Policy** by transferring of innovations, development of socio-economic potential and making joint investments in regions.

2. Implementation issues of European Territorial Cooperation

Latvia wants **to preserve the existing elements of territorial cooperation - cross-border, transnational and interregional cooperation**, as well as **to promote cooperation with neighbouring countries at the EU's external borders**, thus contributing to strengthening the EU's identity and visibility and integration process of EU Member States.

Latvia supports **the principle of multi-level governance** in implementation of the projects of future ETC programmes, thus involving in decision-making, policy-making, searching for common solutions and project implementation different stakeholders - representatives of national, local government and regional authorities, non-governmental organizations, the private sector as well as the inhabitants living in the Program territory concerned.

Latvia supports **the development of a separate ETC regulation beyond 2020** in order to define the elements of ETC, conditions for geographical coverage and financing, thematic concentration and relevant system of indicators, as well as main aspects of programming, management, monitoring and control, simplification measures and flexible state aid conditions for more active participation private sector in ETC projects.

Taking into account the **specificity of the implementation of ETC programmes and complexity of multi-country cooperation**, the thematic objectives and investment priorities can vary dramatically in the various regions and EU Member States (depending on their level of development and national needs) Consequently, we believe that **is it important to consider greater thematic flexibility for ETC goal** (by maintaining thematic concentration, but at the same time by adapting the thematic scope to the context of the cooperation).

Taking into account the specificity of the activities to be supported by ETC, Latvia **emphasizes the need to develop a separate system of indicators for ETC goal** (eg, *the cooperation indicator*). We believe that multi-country cooperation programs address the specific needs of regions and focus both on the development of infrastructure at local and regional level and on the exchange of experience and networking at EU level; hence this cooperation scope should be adequately reflected in indicators for ETC programmes.

3. Financing of European Territorial Cooperation

Latvia believes that **after 2020 sufficient funding should be also provided for ETC programmes** in order to allow them to continue making significant contribution to the EU's integration process and promoting cooperation between different EU Member States and regions as well as neighbouring countries.

Latvia considers that **in further at least the existing level of financial allocation and current ERDF co-financing should be ensured for ETC goal**. In addition, it is important to pay particular attention to fostering cross-border cooperation and **to ensure the focus of ERDF and ENI financing on cross-border cooperation within ETC goal**.

Latvia supports the use of the existing ERDF and ENI allocation model after 2020, when the European Commission fixes the amount of the allocation per relevant Member State not per cooperation programme. In addition, Latvia believes that it is necessary **to maintain the existing conditions for the geographical coverage of ETS programmes - NUTS III level for cross-border cooperation (150 km from the border) and NUTS II level for transnational cooperation**.

4. Other initiatives at EU level regarding European Territorial Cooperation after 2020

- ***Report of Working Group on Innovative Solutions to Cross-Border Obstacles***: Latvia recognizes **cross-border regions as one of the main target groups for territorial cooperation**. At the same time it is necessary **to use more efficiently already existing opportunities and legal formats** (European Groupings of Territorial Cooperation, intergovernmental commissions). In Latvia, cross-border cooperation issues are already addressed **in the format of bilateral intergovernmental commissions** (Latvia - Estonia, Latvia - Lithuania), therefore, we believe that a new regulation for cross-border cooperation at EU level should be developed in close cooperation with the EU Member States and the regions concerned. Latvia sees **that decision on the necessity and possible options to apply specific legal provisions for overcoming cross-border obstacles should be left at the level of each Member State**, upon request from Member States/regions and in accordance with agreement among related Member States/regions (on a voluntary basis).
- ***Cross Border Review and Communication "Boosting Growth and Cohesion in EU Border Regions" produced by the European Commission***: Latvia welcomes the work carried out by the European Commission on identifying issues in the EU's border regions and **supports the proposal to further develop specific indicators** (cooperation indicator) for territorial cooperation and the development of cross-border data collection at EU level. However, in view of the specific nature of the issues of border regions identified (legal and administrative issues arising from the application of EU law at national level), we consider **that ETC programmes cannot be the sole/main financial instrument to address these obstacles**.
- ***The Conclusions of the European Council on the implementation EU macro-regional strategies***: Latvia supports the Conclusions developed by Maltese Presidency, and believes that **an appropriate mechanism have been introduced in the regulation for programming period 2014-2020** for Member States implementing Cohesion Policy, incl. ETC goal, with purpose to contribute to the objectives of the macro-regional strategies. At the same time we see the growing role of macro-regional strategies in the EU level debate on post 2020 and consequently we consider that **in addition to other financial instruments ETC goal can contribute to the implementation of EU macro-regional strategies after 2020, only taking into account thematic and territorial scope of ETC programmes as well as funding available for ETC goal**.